

# CONSUMER BEHAVIOUR AND MARKET RESEARCH

## Objectives of this chapter:

To present basic discussion on the behavioural aspects of property buyers that are relevant to market research, covering:

- Social, psychological and personal factors influencing consumer decisions.
- Theory of behavioural model of property buying.
- Implications of behavioural aspects on property market research.

## **Expected learning results:**

- Can define what is behaviour;
- Understand the complex factors that influence buyers' behaviour;
- Can explain the influence of these factors on consumer decision-making;
- Can explain the importance of these factors in property market research.

# INTRODUCTION

## What is behaviour?

- A systematic pattern of human actions as a response to internal interactions and external influences, particularly those in the surrounding – psychology.
- Those acts of individuals directly involved in obtaining and using economic goods and services, including the decision processes that precede and determine these acts – economics.

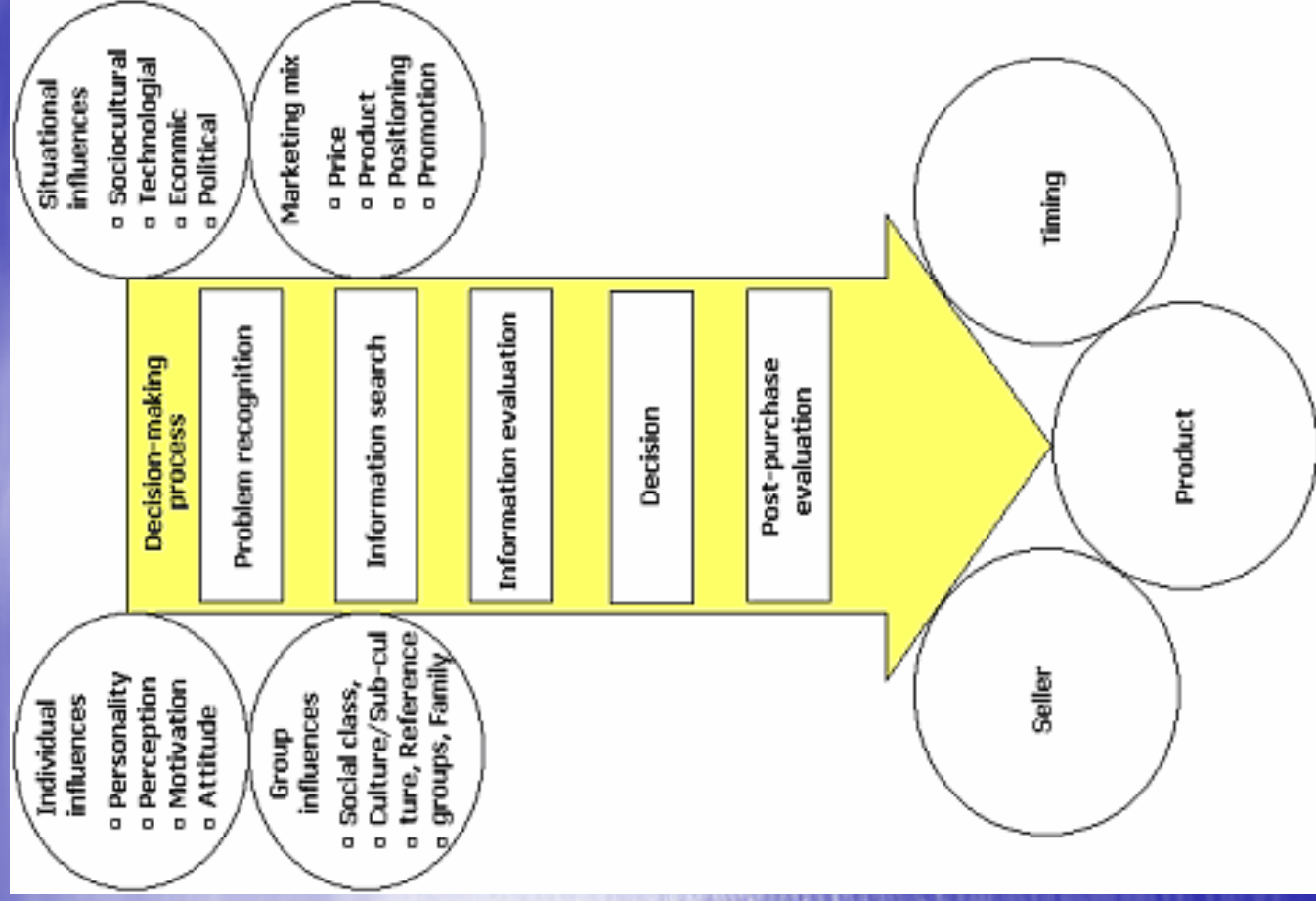
## Disciplinary areas of behaviour

- Aspects of behaviour such as perception, learning, personality, motivation, and attitude (psychology).
- Culture, social class, reference groups, role and family (sociology).

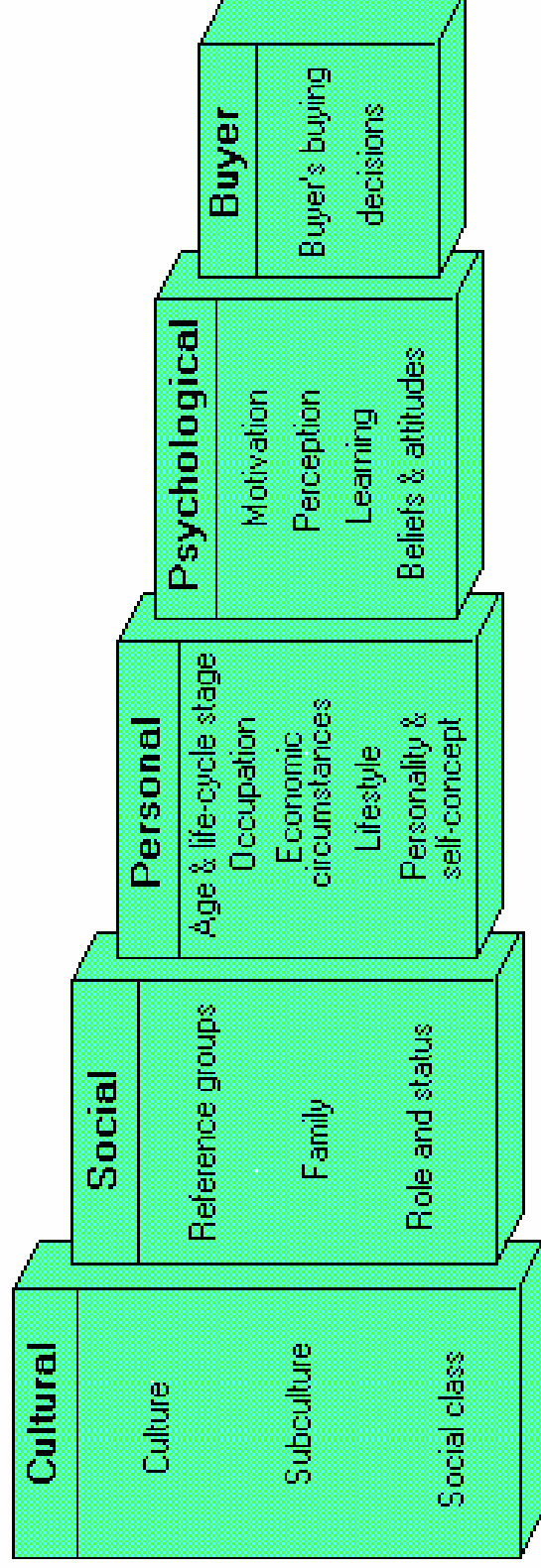
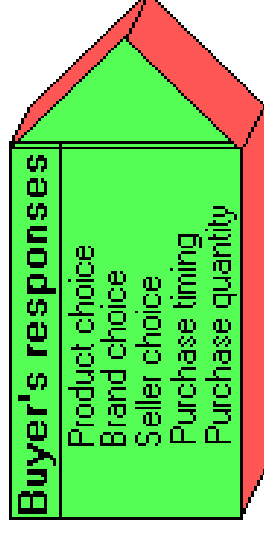
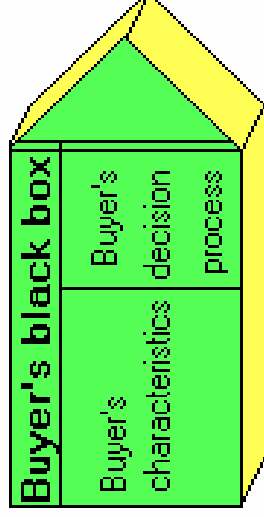
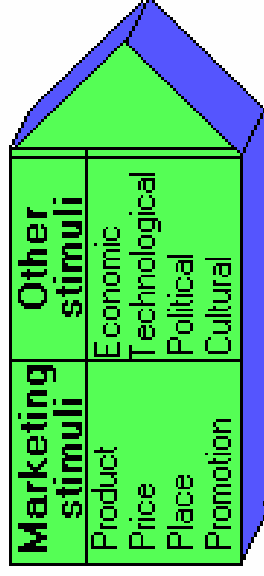
# BUYER'S DECISION-MAKING PROCESS

## Four types of buyer's behaviour

Type of purchase decision	
High involvement	Low involvement
<i>Decision-making:</i> information search/ Evaluation, consideration of alternatives.	<i>Complex</i> decision (e.g. property purchase, stock investment, car buy)
<i>Habit:</i> little information search/evaluation, consi- deration of only one or two brands.	<i>Impulsive</i> decision (e.g. clothes, light snacks, cereals)
	<i>Loyalty</i> (e.g. cigarettes, food and beverages, magazine/newspaper)
	<i>Inertia</i> (e.g. light bulbs, soaps, paper towels)



Buyer's decision-making process and the decision factors (Kotler, 1986; Engel et al., 1993)



Model of buying behaviour (upper) and factors influencing buying behaviour (lower) (Kotler, 1986, p. 163).

Examples of CAC models of house purchase decision (author's concept)

	Model I	Model II	Model III	Model IV
CONATIVE (Motive)	Signing sale and purchase document	Signing sale and purchase document	Purchase a house with a possibility of re-sale	Purchase decision and action
AFFECTIVE (Emotion)	Desire towards buying	Preference for certain type of house	Evaluation of various options	Evaluation and search for alternatives (buy or rent)
	Interest in buying a house	Liking towards various types of houses	Interest towards various types of houses	
COGNITIVE (Thought)	Awareness of the need to own a house	Knowledge and awareness of the need to own a house	Awareness of the need to own a house	Recognition of the problem of not having a house
		Unawareness of the need to own a house		



# Decision-making process

## Problem Recognition

- \* Why needs a property?

## Information Search

- \* On-going
- \* Purposeful

## Information Evaluation

- \* “Zero-in” purchase options.
- \* Evaluative or choice criteria

## Decision

- \* Product, Producer, Timing
- \* Culmination of AIDA

## Post-Purchase Evaluation

- \* Claimed vs. actual features/benefits.
- \* Repeat purchase, recommend others, other actions

# BEHAVIOURAL FACTORS OF BUYERS

- Socio-Cultural Factors
  - \* Culture
  - \* Social class
  - \* Reference group
- Psychological Factors
  - \* Perception
  - \* Learning
  - \* Motivation
  - \* Personality
  - \* Attitude
- Personal Factors
  - \* Age & life-cycle
  - \* Occupation
  - \* Economic circumstances
  - \* Life-style
  - \* Personality & Self-concept

Read *Basic Aspects of Property Market Research* for detailed discussion

# BEHAVIOURAL MODEL OF BUYING

$$P = f[SP (PC, EC(TA-TD), (EA-ED), BR)]$$

where:

P = purchase;

SP = selective perception;

PC = precipitating circumstances;

EC = enabling conditions;

TA = technological advantages;

TD = technological disadvantages;

EA = economic advantages;

ED = economic disadvantages;

BR = behavioural response.

# Use in Market Research

Product conceptualisation		
Behavioural profile	E.g. of behavioural demonstration	E.g. of product choice
Ambitious, courageous, contentious and high-achiever	Projection of personal achievement	Expensive, luxury homes
Quiet, insecure character, under-developed social skills	Low-profile life conditions	“Modal” homes
Self-esteem Self-actualisation	Symbolic showing of success, social standing, status or image; efforts to gain group acceptance; and appeal for respect.	Multi-million residences, homestead-type homes, exclusive neighbourhood
Digressive self actualisation.	Failure of self-fulfilment	Lower quality, lower price
Perception	Positive/negative thoughts/feeling	Varies based on the kind of perception

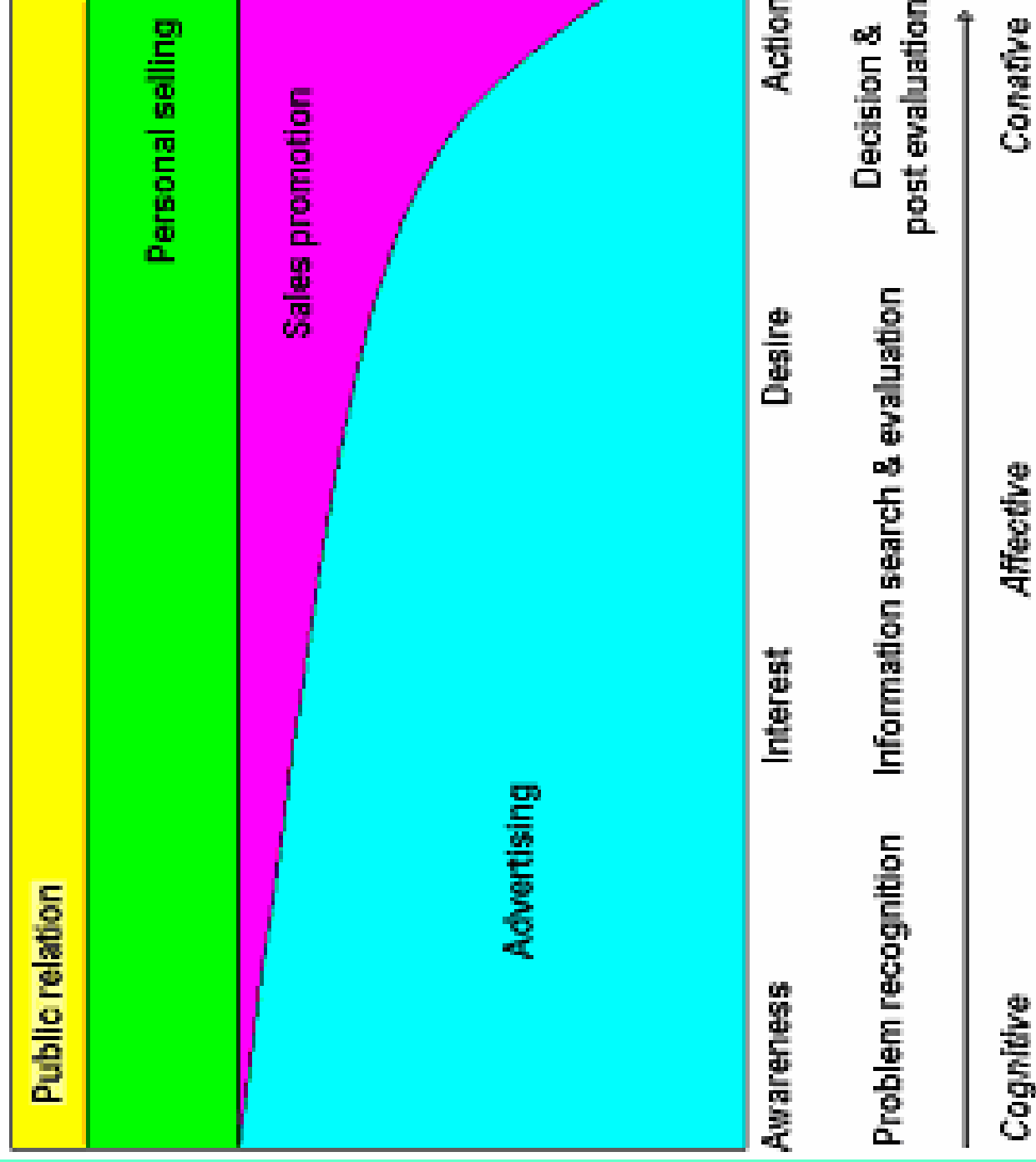
## Market segmentation

- “Social class” as a basis for psychographic segmentation or psychographic market targeting.
- Characteristics related to demography, attitudes, beliefs and aspirations such as income, education, occupation, status or prestige and similar lifestyle. E.g.:
  - \* *Income:* poor, rich, very rich.
  - \* *Education:* school leavers, college graduates, university graduates.
  - \* *Occupation:* blue-collar, white-collar; professional, non professional; clerical, managerial.
  - \* *Status:* general public, very important person, royalties.
  - \* *Prestige:* popular artists, sports champions.

## Market segmentation (contd.)

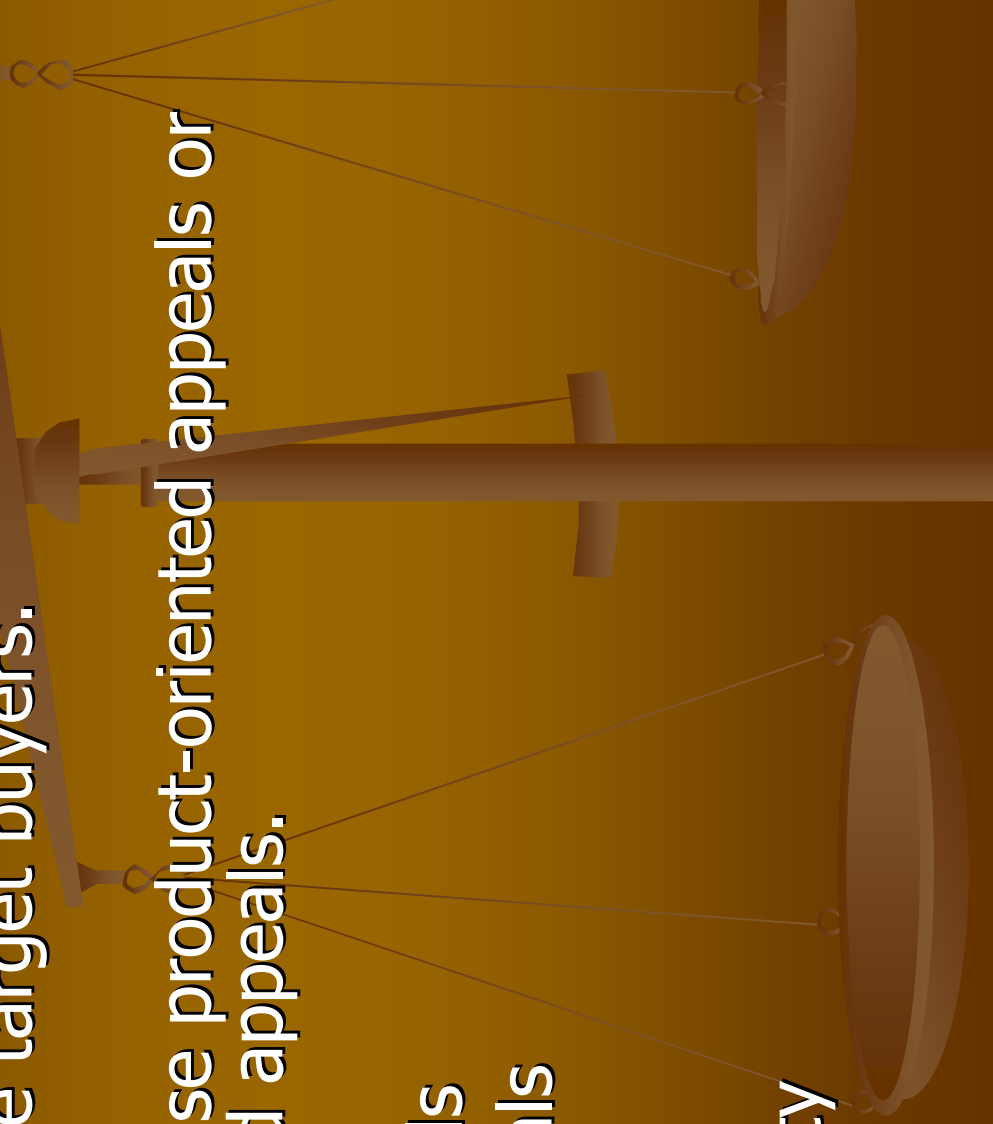
Four-criteria lifestyle segmentation		
Lifestyle Criterion	E.g. of market is segment	E.g. of product concept
Activities	Market is segmented based on people's hobby or leisure choices.	Housing project with sports facilities such as golf course, badminton and tennis courts, swimming pools, jogging tracks and other recreational facilities.
Interests	Market is segmented based on people's area of priority.	Homes with security system, internal decoration and full renovation.
Opinions	Market is segmented based on profiles of personal needs and wants (e.g. preferences for location, design type, layout, etc) and views of current and future life trend.	Same as above. Other concepts such as homes with sea view, hill view, leisure homes, smart homes (with e.g. internet connection and videophone) and homes in smart city (e.g. Putrajaya).
Demographics	Market is segmented based on characteristics such as age, education, occupation, income, family size, life-cycle stage and geographic location.	Products with blends of above features and with a wide range of choices of quality, price and location.

# Marketing communication



# Advertising

- Behavioural elements exploited: needs, motivation, perception, learning, attitude, interest and life-style of the target buyers.
- Most advertisers use product-oriented appeals or consumer-oriented appeals.
  - \* Rationale appeals
  - \* Emotional appeals
  - \* Sensory appeals
  - \* Timing
  - \* Message intensity





*Emotional appeals.* Rub down on buyer's feeling.

Type-of-emotional appeal	E.g. of emotional element	E.g. of advertising
Negative emotion	<i>Fear</i> of even rising product price	"If you don't catch the price now, you will never catch it forever"
Positive emotion	<i>Humour</i> <i>Sex superiority</i> <i>Self-inclusiveness</i>	Using ribs-jerking visuals "Home that shows your prodigy" "Your dream home" "Home that tells about you"

# Summary of the Chapter

- ▶ Consumer behaviour - acts involved in obtaining and using economic goods and services, including the decision process that precedes and determine these acts
- ▶ Foundations of consumer study: psychology and sociology.
- ▶ The black-box model: buyer's characteristics → stimuli → buyer's responses.
- ▶ Similar model: problem recognition, information search, information evaluation, decision and post-purchase evaluation.
- ▶ Social factors: culture and social class, reference group, role and family influences and life-style.
- ▶ Psychological factors: perception, learning, personality, motivation and attitude.
- ▶ Importance in property market research: product conceptualisation, market segmentation, marketing communication and advertising.

Thank you!

